

## CONGRESSIONAL INTERNATIONAL ANTIPIRACY CAUCUS

### 2003 INTERNATIONAL PIRACY WATCH LIST

The Caucus will monitor closely the serious problems of copyright piracy in the following five countries:

**BRAZIL:** Piracy in Brazil has reached alarming levels, harming both Brazilian and US creative communities. The USTR Special 301 Report states: *"Losses suffered by the U.S. copyright industry are the largest in the hemisphere...Brazil simply has not undertaken adequate enforcement actions against increasing rates of piracy."* Piracy levels remain high, legitimate sales continue to plummet, while anti-piracy enforcement for filmed entertainment, entertainment software and music remains ineffective. The US Government is reviewing whether Brazil meets the intellectual property qualifications under the Generalized System of Preferences for continuing to receive preferential duties on its exports to the United States.

**CHINA:** According to USTR's Special 301 Report, *"Although China has revised its IP laws and regulations to strengthen administrative enforcement, civil remedies and criminal penalties, violations of IPR are still rampant. China remains one of the last countries in the world that fails to use, in practice, its criminal law to go after commercial copyright pirates and trademark counterfeiters."* Chinese CD factories are producing huge quantities of pirate CD and DVDs. In the late 90's China had effectively halted the export of pirated goods, but failed to control the extremely high levels of domestic piracy – over 90% - on their domestic market. Recently, the export problem for music and movies has re-emerged and is growing at an alarming rate. Inadequate criminal deterrence and market access barriers that restrict the ability of US companies to enter the music, entertainment software and filmed entertainment markets exacerbate the piracy problem.

**PAKISTAN:** Over the past two years, Pakistan has exploded into one of the largest manufacturers and exporters of pirate optical media. Pirate production more than doubled over the past year, most of which is being exported to upwards of 30 other countries. Pakistan currently produces and estimated 90 million pirated discs a year for export. USTR's Special 301 Report states: *"The United States calls on the Government of Pakistan to improve its civil and criminal enforcement of intellectual property rights...expeditiously close pirate optical media production facilities and enact an optical media licensing regime to impede the growth of pirate enterprises and deter future potential pirates."*

**RUSSIA:** USTR's Special 301 Report states: *"Weak protection of intellectual property rights results in substantial losses to U.S. industry annually. Piracy of works on optical media is a large and growing problem. The number of optical media facilities has doubled since 2001. We urge the Russian Government to close immediately the plants producing illegal optical disks...combat organized crime involvement...(including) tough penalties for organized crimes..."* Uncontrolled pirated production at Russian optical disc plants is causing serious damage to the legitimate market for American recorded music and motion pictures. The US Government is reviewing whether Russia meets the intellectual property qualifications under the Generalized System of Preferences for continuing to receive preferential duties on its exports to the United States.

**TAIWAN:** USTR's Special 301 Report notes that *"In 2003 Taiwan took some concrete positive steps to bolster its enforcement capability... However, these positive steps have not produced results.... The lax protection of IPR ... remains a serious concern for the U.S. Government."* Taiwan's copyright law, amended after USTR's Sp 301 announcement, contains serious flaws that severely undermine its ability to fight retail and Internet piracy. Legal uncertainties regarding the ability of the police to undertake effective raids against night markets, a lack of minimum penalties or mandatory jail sentences, no prohibition on circumvention of technological protection measures; and no authority for Customs to act on its own authority are among the most serious flaws. Until the law is amended, the courts may undermine the recent, positive efforts of enforcement personnel. Legitimate sales of recorded music have declined 50% in the last four years while consumer spending on home video entertainment fell 62% in the same period. Piracy rates have tripled for both audio and video products.

**The International Anti-Piracy Caucus also noted that the following countries face very serious piracy problems, but have recently undertaken positive enforcement actions. With continued efforts, which the Caucus encourages, these countries may be able to reverse the growth of piracy in their countries. The Caucus welcomes the announcement of the Administration's intent to open FTA negotiations with Thailand and believes these negotiations will provide an opportunity for the US Government to encourage continued progress in Thailand:**

**MALAYSIA  
MEXICO  
THAILAND**